(a) whether Government plans to link royalty on iron-ore to market prices, discontinuing the fixed rate system;

(b) if so, whether this would raise iron-ore prices and encourage mining firms to sell it to domestic steel companies instead of exporting it;

(c) whether the Ministry is also considering to revise royalty rates at *ad-valorem*;

(d) whether this would help in making assessment and collection simpler and enhance royalty accruals to State Governments; and

(e) if so, to what extent this change would raise Government's income in a year and to what extent it would be more in comparison to the present income?

THE MINISTER OF MINES (SHRI B.K. HANDIQUE): (a) to (e) The proposal for revision of rates of royalty is under consideration of the Government. The State Governments are collecting royalty in terms of the rates notified by Government on 14.10.2004 and the revised rates of royalty would effective prospectively only.

**Sharing of profits from mining**

†3261. SHRI SHREEGOPAL VYAS: Will the Minister of MINES be pleased to state:

(a) whether the Supreme Court has directed that a certain percentage of profit earned by exploitation of minerals be given to land owners and for State's development;

(b) if so, whether rules have been amended in this context; and

(c) if not, by when these would be amended and the reasons for the delay?

THE MINISTER OF MINES (SHRI B.K. HANDIQUE): (a) As per available information, the Hon'ble Supreme Court Judgement (Samatha Judgement) dated 11.7.1997 observed that it is the duty of the State to see that a part of the profits earned by the lessees should be spent for ameliorating the living conditions of the tribals by the lessees themselves, and that the said objective has to be achieved by appropriate legislation making it compulsory for the lessees within the tribal area to spend a portion of the income arising out of the mining business for the general upliftment of the living condition of the tribal people.

(b) and (c) The Government has proposed creation of National Mineral Fund and State Mineral Fund in the draft Mines and Minerals (Scientific Development and Regulation) Act, for *Inter alia*, mitigating adverse impacts of mining activity in peripheral areas of the mine including restoration and improvement of local infrastructure, maintenance of community assets and services for local populations in the area and human resource development of local populations for creating employment and self-employment capabilities. The draft Act is available on the website of the Ministry of mines (*http://mines.gov.in*).

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†Original notice of the question was received in Hindi.